

COFFEY COUNTY TRANSPORTATION AUTHORITY, INC.

Burlington, Kansas

Financial Statements
and
Supplemental Information

with Report of Independent Auditor

For the Year Ended December 31, 2014

Coffey County Transportation Authority
Special Financial Statements
For the Year Ending December 31, 2013

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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

Coffey County Transportation
Burlington, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Coffey County Transportation, Burlington, Kansas, as of and for the year ended December 31, 2014, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1 to meet the financial reporting requirements of the State of Kansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the Kansas Municipal Audit and Accounting Guide. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by Coffey County Transportation, Burlington, Kansas, to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Coffey County Transportation, Burlington, Kansas, as of December 31, 2014, or changes in financial position and cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of Coffey County Transportation, Burlington, Kansas, as of December 31, 2014, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures-agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Prior Year Comparative Analysis

The 2013 Actual columns presented in the individual fund schedules of cash receipts and expenditures actual and budget (Schedule 2 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the December 31, 2014 financial statement upon which we rendered an unqualified opinion dated February 18, 2016. The 2013 financial statements and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration, Office of Management Analysis and Standards. Such 2013 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2013 financial statement. The 2013 comparative information was subjected to the auditing procedures applied in the audit of the 2013 financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2013 financial statement or to the 2013 financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2013 comparative information is fairly stated in all material respects in relation to the 2013 financial statement as a whole, on the basis of accounting described in Note 1.

Restricted Use

This report is intended solely for the information and use of the governing body and management of Coffey County Transportation, and for filing with the , the Kansas Department of Administration, the cognizant federal agency, and other federal audit agencies. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Respectfully Submitted,

Schlotterbeck and Burns, LLC

February 18, 2016

Coffey County Transportation Authority
 Burlington, Kansas
 Summary of Receipts, Expenditures, and Unencumbered Cash
For the Year Ended December 31, 2014

Fund	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Plus: Accounts Payable and Encumbrances	Ending Cash Balance
General Fund	\$ 59,025	310,767	352,453	17,339	27,138	44,477

Composition of Ending Cash Balance:

Demand Deposits	\$ 43,901
Petty Cash	576
Total Composition of Cash	44,477

See accompanying notes to financial statements

Coffey County Transportation Authority
Burlington, Kansas
Notes to Financial Statements
For the Fiscal Year Ended December 31, 2014

Note 1 Summary of Significant Accounting Policies

A. Reporting Entity

Coffey County Transportation Authority is a municipal corporation governed by an elected four-member board. These financial statements present Coffey County Transportation Authority as a primary government unit, with no component units.

B. Fund Accounting

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the Transportation Authority for the year ending December 31, 2014:

Governmental Funds

General Fund--to account for all unrestricted resources except those required to be accounted for in another fund.

C. Statutory Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund. Cash disbursements are recognized when the cash balance of a fund is decreased. For an interfund transaction, a cash disbursement is recorded in the fund from which the cash is transferred. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract.

Departure from Generally Accepted Accounting Principles

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown non-cash assets such as receivables, inventories and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under generally accepted accounting principles, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not

Coffey County Transportation Authority
Burlington, Kansas
Notes to Financial Statements
For the Fiscal Year Ended December 31, 2014

constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. In addition, General Fixed Assets that account for the land, buildings and equipment owned by the Transportation Authority are not recorded.

D. Budget and Tax Cycle:

The Transportation Authority is not subject to the Kansas Budget Law, as they are not the primary taxing authority for the Transportation Authority. The Coffey County Commissioners hold the taxing authority for the Transportation Authority. The Transportation Authority adopts an annual budget for the General Fund for managerial purposes. The budget comparison on Statement 2 and 3 reflects this internal managerial budget.

E. Assets, Liabilities, and Fund Equity

Cash

To facilitate better management of the Transportation Authority's cash resources, excess cash is combined in pooled operating accounts. Each fund's portion of total cash is based on its equity in the pooled cash amount. Cash in excess of current operating needs is invested on a pooled investment basis and earnings thereon are credited to the general fund as provided by Kansas Statutes.

F. Deposits and Investments

K.S.A. 9-1401 establishes the depositories which may be used by the Transportation Authority. The statute requires banks eligible to hold the Transportation Authority's funds have a main or branch bank in the county in which the Transportation Authority is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage.

K.S.A. 12-1675 allows the Transportation Authority to invest idle funds in time deposits-open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool.

The Transportation Authority held no investments at December 31, 2014 and held no investments throughout the year.

Concentration of credit risk. State statutes place no limit on the amount the Transportation Authority may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the Transportation Authority's deposits may not be returned to it. State statutes require the Transportation Authority's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt

Coffey County Transportation Authority
Burlington, Kansas
Notes to Financial Statements
For the Fiscal Year Ended December 31, 2014

issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated “peak periods” when required coverage is 50%. The Transportation Authority has not designated any peak periods.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the Transportation Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

At December 31, 2014, the carrying amount of the Transportation Authority’s deposits was \$43,901 and the bank balance was \$45,314. The entire bank balance was covered by federal depository insurance.

Inventories and Prepaid Expenses

Inventories and prepaid expenses which benefit future periods are recorded as an expenditure during the year of purchase as required by state statutes. No physical inventories were taken at year end and no accounting controls exist for control of materials inventory.

Long-Term Debt

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Note 2 **Stewardship, Compliance, and Accountability**

Compliance with Kansas Cash Basis Law

No violations.

Compliance with Kansas Depository Security Law

No violations.

Note 3 **Detail Notes on All Funds and Account Groups**

A. **Assets:**

General Fixed Assets

The accounting and reporting treatment used for property and equipment under the cash basis and budget laws of Kansas require that property and equipment be recorded as an

Coffey County Transportation Authority
Burlington, Kansas
Notes to Financial Statements
For the Fiscal Year Ended December 31, 2014

expenditure during the year of purchase. Coffey County Transportation maintains an internal list of property and equipment, and periodically inspects the equipment listed to verify its existence.

Note 4 **Economic Dependency**

The Wolf Creek Nuclear Power Plant resides within the boundaries of Coffey County, which is the area served by the Transportation Authority. This power plant is run by a joint venture of several utility companies. The valuation of the power plant accounts for approximately 83% of Coffey County's total assessed valuation. The tax appropriation which the Transportation Authority receives from the County is levied on this assessed valuation.

Coffey County Transportation Authority
 Burlington, Kansas
 Statement of Expenditures - Actual and Budget
For the Year Ended December 31, 2014

Schedule 1

<u>Fund</u>	<u>Adopted Budget</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Favorable (Unfavorable)</u>
General Fund	\$ <u>124,200</u>	<u>352,453</u>	<u>(228,253)</u>

Coffey County Transportation Authority

Schedule 2

Burlington, Kansas

Statement of Receipts and Expenditures-Actual and Budget

For the Year Ended Dec. 31, 2014

(With Prior 2013 Comparatives)

<u>General Fund</u>	<u>Prior Year Actual</u>	<u>Current Year Actual</u>	<u>Current Year Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Unencumbered Cash, Beginning	86,844	59,025		
Adjusted Unencumbered Cash, Beginning	<u>86,844</u>	<u>59,025</u>		
Cash Receipts:				
Bus Donations	\$ 51,438	75,273		75,273
KDOT/CTD9 Subsidy	91,753	106,900		106,900
Interest	893	757		757
County Appropriations	124,200	124,200	124,200	-
Equipment Sold		3,000		3,000
Miscellaneous and Insurance Proceeds		637		637
Total Cash Receipts	<u>268,284</u>	<u>310,767</u>	<u>124,200</u>	<u>186,567</u>
Expenditures:				
Salaries and Payroll Taxes	188,754	224,611	80,000	(144,611)
Fuel and Repairs	58,818	59,408	14,425	(44,983)
Legal and Accounting	1,649	1,319	1,550	231
Insurance	20,569	21,870	12,000	(9,870)
Licenses and Permits	58	1,468	1,325	(143)
Utilities	6,998	7,609	2,300	(5,309)
Advertising	2,178	4,217	1,200	(3,017)
Miscellaneous	3,608			-
Office Expenses	6,158	8,707	3,400	(5,307)
Capital Outlay	7,313	23,244	8,000	(15,244)
Total Expenditures	<u>296,103</u>	<u>352,453</u>	<u>124,200</u>	<u>(228,253)</u>
Unencumbered Cash, Ending	<u>59,025</u>	<u>17,339</u>		